

## **Prudence Island Water District**

### **Minutes of meeting held Oct. 9, 2004**

**Meeting was called to order at 2:05 p.m. Present were Alexander Stowe, moderator; Patricia Richard, clerk; Robert Hanson; Richard Brooks and David Buffum. Invited guests were Judy Staven, member of the Portsmouth Town Council; RI Rep. Raymond Gallison, District 69, and Jeffrey Gofton of the RI Dept. of Administration, chief of the Office of Municipal Affairs.**

**Mr. Stowe welcomed the guests to the meeting.**

**Item 1 – Approval of minutes. Ms. Richard noted that the date of the minutes needed to be corrected and moved that the minutes be approved with that correction. Mr. Buffum, seconded, board approved unanimously.**

**Item 2 – Appointment of assessor, treasurer and collector. Mr. Brooks said a couple of people had expressed interest but were not on the island.**

**Item 3 – Bylaws – Mr. Buffum submitted draft copies of bylaws.**

**Item 4 – Setting district priorities, administrative – Ms. Richard sent copy of proposed budget to RI Risk Mgt. Trust but no response as yet.**

**Ms Richard asked if Kim Greene had made a recommendation for bond counsel; Mr. Buffum said she would be meeting shortly with the counsel for Bristol Water District and might have a recommendation after that.**

**Ms. Richard said that she had received a schedule of fees for accounting services from Steve Muscatelli and that he estimated \$3,000 for an annual review and consulting would be at \$75 per hour. She said these fees were reasonable. She said that Mr. Muscatelli had told her that he did not have the staff available to perform and audit but had recommended two firms that he felt were qualified to perform that service. She said that she would follow that up before the next meeting. Mr. Stowe asked if Mr. Muscatelli could help the board to interpret an audit of the PIUC. Ms. Richard said he could.**

**Ms Richard said that she and Mr. Brooks had attended a meeting at the Dept. of Health regarding testing and reporting, and that they had received a breakdown of testing for 2005, along with associated costs. Mr. Brooks said that all figures presume no detects and the presence of a regulated substance could drastically increase the costs.**

**Ms Richard said that the district had received its federal identification number and that the district could now open a bank account.**

**Priorities, technical – Mr. Brooks said that he planned to look at the file of the PIUC from the Dept. of Health. Ms. Richard said that they had obtained a copy of rules and regs for community water systems.**

**Ms Richard asked Mr. Buffum if he had contacted Mr. Delisle with regard to the requirement for water meters. Mr. Buffum said he had sent Mr. Delisle an email but had not received a reply. Mr. Hanson said that having to install meters would place an additional burden on the district.**

**Item 5 – Sources of funding. Ms Richard said that the board had received a letter from David Delisle at USDA Rural Utilities Service outlining what would be expected from a preliminary engineering report for a pre-development grant. Mr. Stowe said that in order to qualify for the grant, the district needs to provide a \$2500 match to get \$7500. Mr. Brooks asked if the public was aware of the eligibility question with regard to the population. Ms. Richard said that if USDA chooses to strictly enforce the requirement that the district would lose its eligibility.**

**Mr. Stowe informed the guests that members of the board had met with town administrators regarding funding from the town and they had recommended levying taxes. He asked Ms. Staven about the mechanics of levying taxes within the Portsmouth Water District. Mr. Brooks suggested that taxes be levied only on people currently receiving “public” water. Ms. Richard said that she didn’t believe it is**

reasonable to levy taxes if no services are being rendered.

Mr. Gallison asked if the PIUC had given the district a proposal for acquiring the utility company. Mr. Stowe said that the information received by the board could be considered historical.

Mr. Gallison said that Mr. Gofton had the expertise to advise the board of funding opportunities.

Ms. Staven said that she would approach the town council to help secure funding for the district, but that the town feels that water districts are separate entities and are on their own. Mr. Stowe said that the town should view funding for the water district as an investment because a good water system would improve property values. He said that a great deal of development was taking place on the island.

Mr. Gofton asked if the value of the PIUC had been determined by an audit. Ms. Richard said no, that the fair market value had been determined by appraisal. Mr. Gofton said that it appeared that the district was attempting to position itself to acquire the utility company. He recommended that the district investigate technical assistance funds through his agency. He also recommended engineering and planning funds. He said that the district should write a letter to his office requesting a \$5000 technical assistance funds. He said that he would work with the town of Portsmouth in trying to get

funding through the CDBG project. He said that securing acquisition funding would be problematic because the district served a segment of the population that did not qualify for such funds because of recently increased development. He said that HUD also had legislative grant money available and that he and Rep. Gallison would help in contacting the appropriate people (Rep. Kennedy and Sen. Reed) to secure this type of funding.

Mr. Stowe said that Dave Delisle had told him that the district could receive up to \$750,000 in funding if it could put up a \$250,000 match, but that a loan couldn't be secured because the district has no income. Mr. Gofton said that the district could pledge its fees against such a loan.

Mr. Buffum asked Ms. Staven if the town had engineering services. Ms. Staven said the town does not have an engineer and outsources the work.

Mr. Brooks said that the district was starting in a hole and that it still had to deal with the water company. Mr. Gallison said that he was very concerned about the lack of progress in that area and was considering approaching the PUC and making inquiries as to what the obligations of the water company are in regard to its dealings with the district. Mr. Stowe said that if the water company had the best interests of the community in mind, they would file for bankruptcy. Ms Richard said that even if the utility company gave the district its

holdings outright, she still wants to know the extent of their debt before entering into any agreement. She said that they had received a non-disclosure agreement from PIUC lawyers and was reluctant to sign it. Mr. Gallison asked who the lawyer for the PIUC is. Ms. Richard told him that Ralph Kinder represented the PIUC. Mr. Stowe said that the district officers did not yet have liability insurance.

Mr Stowe expressed concern over the condition of the water system infrastructure.

Item 6 – Budget . Ms. Richard said that in order to do nothing but what the charter required would cost approx. \$5700. To accomplish anything else would jump the figure to nearly \$50,000.

Ms. Richard moved for adjournment, seconded by Mr. Brooks, voted unanimously. The meeting adjourned at 3:40 p.m.

The executive session was canceled because the public meeting ran past its normal scheduled time.

Patricia Richard, Clerk